Tuesday, April 2, 2013

Will McIntee
Regional Outreach Representative
Congressman Bruce Braley, 1st District, Iowa

Will:

I stopped by Representative Braley's ribbon cutting ceremony last week to meet him. While I vote, I am not active in financing any candidate, nor am I a Democrat or Republican. I firmly believe that special interest money is ruining fairness and equity in this country and therefore, refuse to chase my views with cash. The views I have either deserve merit or they don't. With that said, I want to tell you a little bit about myself and company. I graduated from UNI in 1983 and took a position with a national CPA Firm in Dallas, TX. I spent a couple of years working for CPA Firms and then worked for a Medicare Intermediary for another couple of years. In 1988, I was hired away from the Medicare Intermediary by a privately held Physical, Speech and Occupational Therapy chain based out of Wharton, TX. In 1993, this firm was sold to a publicly traded Therapy Chain and I was transferred to their Corporate Home office based in Nashville, TN. In 1995, I moved back to working for a privately held therapy chain in Nashville and stayed with them until they sold in late 1996. I stayed on board post sale and did consulting work for them right up until I relocated back to my hometown, Cedar Rapids. In my professional career, I have worked as a Medicare Auditor, a Medicare Reimbursement Analyst, Director of Internal Audit, Business Development Analyst (mergers & acquisitions) and a Sr. Operations Analyst.

In 1997, I took my post sale stock option and consulting money and started a Medical Billing Company with my wife. We found a handful of investors to assist us and began operations with 2 physical therapy clients. In our first several years, we lived below the federal poverty guidelines, but were fortunate enough to have IRA's and 401K's funds to draw from. After exhausting all of our financial resources, while growing our client base, we finally turned a corner in about 2006. On January 1st of this year, we took the first step in buying out our investors, paying them their original principal with a promise to pay them a multiple of their original investment over the next 5 years. Our journey has not been an easy one, but in the last 3-5 years, it has proven to be worthwhile.

I provide this background as an introduction to let you know that I am not unfamiliar with healthcare regulation or sequestration. The first time I remember this term was back in the late 80's, when I worked for a Medicare Intermediary in Dallas. At that time the Gramm-Rudman Reduction Act was in place doing in effect what this current round of sequestration will do. I do feel that our country needs to work on balancing the budget and ferreting out fraud/abuse. In the last couple of years, our current administration has advanced efforts on the fraud/abuse front and I applaud those efforts (the results of recovered Medicare monies speak for themselves). However, sequestration is a poor attempt to avoid reaching across the aisle and working in a bipartisan fashion to make tough decisions. As a result, my client base will be unfairly targeted by MULTIPLE GOVERNMENT REDUCTIONS. Since 1997, our firm has grown to the point where we now bill for 40 different (physical, speech and occupational therapy companies) entities, with 85 clinic locations in 24 states. All of this has been accomplished without advertising. In 2011, CMS decided to adjust the physician fee schedule by saying the formulas they used had incorrectly calculated the Practice Expense component of the RBRVS values. As a result, they decided to reduce payment of this component by 25% for every CPT code performed AFTER the initial one on each therapist visit. The overall result of this was that practices saw an average decrease in their reimbursement of between 6-9%. The variation was caused by a clinic's practice pattern-in other words, the CPT codes they used along with the number of services performed during a patient's treatment. In most clinics, the average Medicare treatment lasts about 45 minutes. For practices that treat geriatric patients, the average length varies depending on where the patient is being seen and the type of injury being treated. In the current year, MPPR reductions will go from 25% of the Practice Expense component to 50% on April 1st. This resulting reduction will cause an additional 6-9% reduction in payments for therapists nationwide. And then they will see an additional 2% reduction for sequestration.

After reviewing the November 2012 MEDPAC report, I fully understand why reductions are necessary. With a 10% increase in CMS payouts to therapists over the past 3-5 years, with no real understanding of why, something has to give. But I believe that MEDPAC failed to address the elephant in the room. The statistics clearly indicated that Skilled Nursing Facilities took almost $.60 of every dollar spent on therapy services. As a result, the entire therapy spectrum now has to face cuts AND additional reporting requirements (i.e., Functional Reporting measurements). The APTA is currently working on an Alternative Payment System with CMS that is proposed to take effect in 2015 (if both parties hammer out the details). At this point I would request that Congressmen Braley work to suspend (at a minimum) MPPR reductions in the Practice Expense component for at least Therapists in Private Practice. These therapists have worked hard and at less expensive reimbursement rates than hospitals for years. That alone indicates the overall cost of therapy care has been reduced. Additionally, many insurers (and CMS as well) have been working to equalize reimbursements for therapy services regardless of the setting (a person only need to go back to 1998 to see the start of this pattern-when HCFA/now CMS applied therapy caps across all therapy settings-with the exception of hospitals). As a result of this move, many Outpatient Rehab Agencies were forced to close within 6 months and the industry was turned upside down. A lot of financial abuse to the program was stopped within a few months, but at the same time, patient care became an issue for people that couldn't make it to a hospital for therapy services.

The bottom line is that while reductions are necessary, I am not convinced that they need to be across the board. I believe they would be more appropriately targeted to those areas using the majority of CMS therapy budget (i.e., the elephant in the room).

I apologize for the length of this letter, but feel that it is truly required in order to state the issue at hand. I would be happy to discuss this in further detail. I can also make myself available in person if need be. My offices are a block away in Cedar Rapids or alternatively, I could meet in Washington DC Friday May 3rd or Saturday May 4th (I will be attending an American Physical Therapy Association Private Practice Section Payment Policy Committee meeting on those days).

Thank you,

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